

Public Fact Sheet – Proposed Proposition 2½ Override

Information provided by the Acting Town Administrator on behalf of the Webster Board of Selectmen

On Wednesday, May 18, 2016, Webster voters will be asked to vote on four (4) individual Proposition 2½ levy limit override questions totaling \$995,000.

What is the “Tax Levy”?

The total amount of real and personal property taxes a community can raise is the “tax levy”. The levy is then divided among property owners based on their property’s value or “assessment”. The tax levy divided by the total of all assessments is the “tax rate”. In Massachusetts, municipal revenues to support local spending for public schools, public safety, public works and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns.

What is the “Levy Limit”?

Proposition 2½ places constraints on the amount of the levy raised by a city or town and on how much the levy can be increased from year to year. A “levy limit” is a restriction on the amount of property taxes a community can levy. Annual permanent increases in the levy limit result from the following:

Automatic 2.5 percent increase. Each year, a community’s levy limit automatically increases by 2.5 percent over the previous year’s levy limit. This does not require any action on the part of local officials; the Department of Revenue calculates this increase automatically.

New Growth. A community is able to increase its levy limit each year to reflect new growth in the tax base. Assessors are required to submit information on growth in the tax base for approval by the Department of Revenue as part of the tax rate setting process.

What is an “Override”?

Proposition 2½ allows a community to assess taxes in excess of the automatic annual 2.5 percent increase and any increase due to new growth by passing an “override”. When an override is passed, the levy limit for the year is calculated by including the amount of the override. The override results in a permanent increase in the community’s levy limit, which as part of the levy limit base, increases at the rate of 2.5 percent each year. A majority vote of a community’s selectmen allows an override question to be placed on the ballot. Override questions must be presented in dollar terms and must specify the purpose of the override. Overrides require a majority vote of approval by the electorate.

What is a “Menu” Override?

The “menu” approach presents two (2) or more questions, each of which will fund different services or programs. Each question stands on its own merits. Therefore, if the voters approve more than one (1) question, the community’s levy limit is increased by the total of the amounts specified in all approved questions.

Sources:

[Levy Limits: A Primer on Proposition 2½](http://www.mass.gov/dor/docs/dls/publ/misc/levylimits.pdf), Massachusetts Department of Revenue, Division of Local Services, <http://www.mass.gov/dor/docs/dls/publ/misc/levylimits.pdf>

[Proposition 2½ Ballot Questions - Requirements and Procedures](http://www.mass.gov/dor/docs/dls/publ/misc/prop2.pdf), Massachusetts Department of Revenue, Division of Local Services, <http://www.mass.gov/dor/docs/dls/publ/misc/prop2.pdf>

Tax Impact Summary

“Shall the Town of Webster be allowed to assess an additional \$738,000 in real estate and personal property taxes for the purposes of funding the Webster Public Schools for the fiscal year beginning July 1, 2016?”

- Tax rate impact \$.52
 - Median residential annual tax impact \$91.00
 - To determine your personal annual tax impact, locate the total assessed value on your most recent real estate tax bill and multiply that amount by .00052
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“Shall the Town of Webster be allowed to assess an additional \$112,000 in real estate and personal property taxes for the purposes of funding two (2) additional full time police officers for the fiscal year beginning July 1, 2016?”

- Tax rate impact \$.08
 - Median residential annual tax impact \$14.00
 - To determine your personal annual tax impact, locate the total assessed value on your most recent real estate tax bill and multiply that amount by .00008
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“Shall the Town of Webster be allowed to assess an additional \$99,000 in real estate and personal property taxes for the purposes of funding fire station coverage between the hours of 12:00 AM and 7:00 AM, Sunday through Saturday, for the fiscal year beginning July 1, 2016?”

- Tax rate impact \$.07
 - Median residential annual tax impact \$12.25
 - To determine your personal annual tax impact, locate the total assessed value on your most recent real estate tax bill and multiply that amount by .00007
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“Shall the Town of Webster be allowed to assess an additional \$46,000 in real estate and personal property taxes for the purposes of funding one (1) additional highway position for the fiscal year beginning July 1, 2016?”

- Tax rate impact \$.03
 - Median residential annual tax impact \$ 5.25
 - To determine your personal annual tax impact, locate the total assessed value on your most recent real estate tax bill and multiply that amount by .00003
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- Tax rate impact if all four (4) questions are approved \$.70
 - Median residential annual tax impact if all four (4) questions are approved \$122.50
 - To determine your personal annual tax impact, locate the total assessed value on your most recent real estate tax bill and multiply that amount by .00070
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Assumptions:

- (1) Median assessed value \$175,000
- (2) FY16 property values, FY16 tax rate and FY16 tax classification